

# Pipeline Closure and Iraqi Budget Harming All Iraqis and Iraq's Investment Climate

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/EINPresswire.com/ -- The Association of the Petroleum Industry of Kurdistan (APIKUR) is encouraged by recent discussion between the Federal Government of Iraq (FGI) and the Government of Turkey to resume oil exports via the Iraq-Turkey pipeline (ITP). The reopening of the ITP is a critical step for the Kurdistan Region to restart its most important business sector, which comprises 80% of its economy, and for international oil companies (IOC) to resume operations that benefit so many Iraqis.



The closure of the pipeline has economically damaged all parties, including the FGI, the Kurdistan Regional Government (KRG), international investors, and the Iraqi people. Losses are estimated to approach USD 4 billion since the pipeline was closed in March, far exceeding the only award Iraq received for one of five claims it placed before the International Chamber of Commerce arbitration panel. These losses continue to increase during the ongoing political discussions.

However, even if the ITP reopens, member companies of APIKUR will not produce oil for pipeline exports until it is clear how IOCs will be paid for their contractual entitlement to past and future exported oil. Under the recently passed Iraqi budget for 2023 to 2025, the FGI is taking the position that, in addition to the KRG's 12.67% of the budget, the KRG is only eligible to be reimbursed for an ambiguous average cost of production (rumored to be USD 6/bbl) based upon undefined Iraqi fields. This is an arbitrary amount that is insufficient to compensate IOCs for production costs and entitlements under their Production Sharing Contracts (PSC), not to mention the significant investment and risk incurred by IOCs to date. In addition, as noted in APIKUR's press release on 13 August 2023, these contractual entitlements are governed by English law with dispute resolution via international arbitration at the London Court of International Arbitration.

APIKUR also has similar concerns regarding the formulation of Iraq's first oil and gas law. As with

the current Iraqi budget, we understand that, in this current form, the draft oil and gas law does not account for historic international investment in Kurdistan Region or the contractual terms that enabled the significant economic development over the last 15 years. The failure of the Iraqi budget and any new oil and gas law to account for historical international investments and contractual obligations will result in costly arbitration and further harm Iraq's investment climate.

“We are closely following the discussions about the potential for the Iraq-Turkey pipeline to reopen. However, APIKUR’s member companies will not provide oil for exports via this pipeline until there is federal budget that enables the Kurdistan Regional Government to honor its contracts and repay historical investments. The closure is harming all parties - the Iraqi government, the Kurdistan Regional Government, international investors, and all Iraqis,” said Myles B. Caggins III, spokesman for the Association of the Petroleum of Kurdistan.

APIKUR is confident that viable solutions are available today to solve the ongoing crisis. We call on all parties to urgently put in place mutually beneficial commercial solutions that will encourage international investment to the benefit of all Iraqis.

For more information, visit [www.apikur.uk](http://www.apikur.uk)

Press Releases available in English, Arabic, and Sorani Kurdish [here](#).

About Us:

APIKUR's objective and purpose is to promote the Kurdistan Region of Iraq as an attractive destination for international oil and gas companies, service providers and investors. In addition, APIKUR aims to advocate for and represent the common interests of its members, function as a joint and effective voice towards all relevant stakeholders whether in the KRI, or elsewhere, and provide a forum for its members to share appropriate public industry information and best practices. APIKUR is a Company Limited by Guarantee established under English Law.

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